



City of Joondalup

Financial Activity Statement for the
Period Ended 31 December 2012

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City of Joondalup
Financial Activity Statement
for the period ended 31 December 2012

	Notes	Adopted Budget	YTD Adopted Budget	YTD Actual	YTD Variance \$	YTD Variance %
OPERATING REVENUE						
Rates		(78,599,804)	(78,437,730)	(78,493,929)	56,199	0%
Grants and Subsidies	1	(2,231,117)	(1,130,305)	(1,006,612)	(123,693)	(11)%
Contributions Reimbursements and Donations	2	(2,200,007)	(1,051,618)	(1,136,911)	85,293	8%
Profit on Asset Disposals		(51,230)	(25,615)	(34,841)	9,226	36%
Fees and Charges	3	(33,495,504)	(26,159,508)	(26,796,614)	637,106	2%
Investment Earnings	4	(3,654,070)	(2,012,206)	(2,908,781)	896,575	45%
Other Revenue/Income		(167,000)	(48,500)	(44,442)	(4,058)	(8)%
Total Operating Revenue		(120,398,732)	(108,865,482)	(110,422,130)	1,556,648	1%
OPERATING EXPENSES						
Employee Costs		52,088,573	26,973,483	26,903,777	69,706	0%
Materials and Contracts	5	45,254,280	23,137,525	22,207,830	929,695	4%
Utilities (gas, electricity, water etc.)		5,880,263	2,954,913	2,909,246	45,667	2%
Depreciation of Non-Current Assets	6	20,635,630	10,357,423	10,667,146	(309,723)	(3)%
Loss on Asset Disposal	7	340,409	170,205	104,227	65,978	39%
Interest Expenses		589,992	306,003	303,364	2,639	1%
Insurance Expenses	8	1,475,713	1,466,471	1,405,205	61,266	4%
Total Operating Expenses		126,264,860	65,366,023	64,500,795	865,228	1%
(SURPLUS)/DEFICIT FROM OPERATIONS		5,866,128	(43,499,459)	(45,921,335)	2,421,876	6%
OPERATING NON-CASH ADJUSTMENTS						
Depreciation on Assets		(20,635,630)	(10,357,423)	(10,667,146)	309,723	3%
Loss on Asset Disposal		(340,409)	(170,205)	(104,227)	(65,978)	(39)%
Profit on Asset Disposals		51,230	25,615	34,841	(9,226)	(36)%
OPERATING CASH (SURPLUS)/DEFICIT		(15,058,681)	(54,001,472)	(56,657,867)	2,656,395	5%
NON-OPERATING REVENUE						
Capital Grants and Subsidies		(8,247,704)	(3,090,560)	(3,119,659)	29,099	1%
Capital Contributions		(1,615,000)	-	(14,276)	14,276	100%
Acquired Infrastructure Assets		(500,000)	-	-	-	0%
Total Non-Operating Revenue		(10,362,704)	(3,090,560)	(3,133,935)	43,375	1%
CAPITAL EXPENDITURE						
Capital Projects	9	3,672,657	1,848,964	589,046	1,259,918	68%
Capital Works	10	32,437,935	12,188,258	10,449,632	1,738,626	14%
Motor Vehicle Replacements	11	3,195,000	1,404,500	899,670	504,830	36%
Loan Repayment Principal		1,565,374	771,680	771,680	(0)	(0)%
Equity Investments		37,431	-	-	-	0%
Total Capital Expenditure		40,908,397	16,213,402	12,710,028	3,503,374	22%
CAPITAL (SURPLUS)/DEFICIT		30,545,693	13,122,842	9,576,093	3,546,749	27%
(SURPLUS)/DEFICIT FROM OPERATIONS AND CAPITAL		15,487,012	(40,878,630)	(47,081,774)	6,203,144	15%
FUNDING						
Proceeds from Disposal		(774,100)	(387,050)	(386,555)	(495)	(0)%
Loan Funds		-	-	-	-	0%
Materials Recovery Facility		(240,000)	(120,000)	(120,000)	-	0%
Repayment from deposit held in Trust - Connolly Entry Statements		-	-	(9,830)	9,830	100%
Prior year adj - Transfer from Capital to Operating		-	-	(9,462)	9,462	100%
Transfer from Reserve		(16,289,984)	-	-	-	0%
Transfer to Reserve		3,867,807	-	42,189	(42,189)	100%
Transfer to Accumulated Surplus		500,000	-	-	-	0%
Opening Funds		(2,650,015)	(2,650,015)	(3,648,445)	998,430	38%
CLOSING FUNDS	12	(99,280)	(44,035,695)	(51,213,877)	7,178,182	16%



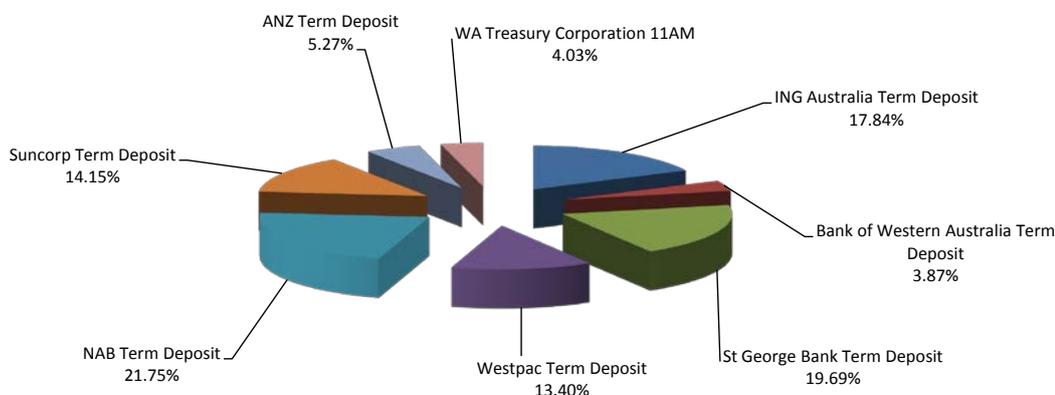
Investment Summary

CITY OF JOONDALUP
December-12

Credit Rating		Investment Account	MTD Return	YTD Return	Value \$	% of Portfolio	Policy Limit
Long Term	Short Term						
A	A-1	ING Australia Term Deposit	5.12%	5.33%	\$ 20,300,000	17.84%	15%
AA-	A-1+	Bank of Western Australia Term Deposit	5.10%	5.29%	\$ 4,400,000	3.87%	20%
AA-	A-1+	St George Bank Term Deposit	5.08%	5.17%	\$ 22,400,000	19.69%	20%
AA-	A-1+	Westpac Term Deposit	5.04%	5.15%	\$ 15,250,000	13.40%	20%
AA-	A-1+	NAB Term Deposit	4.72%	5.03%	\$ 24,750,000	21.75%	20%
A+	A-1	Suncorp Term Deposit	4.92%	5.11%	\$ 16,100,000	14.15%	15%
AA-	A-1+	ANZ Term Deposit	4.55%	4.54%	\$ 6,000,000	5.27%	20%
A-1+	AAA	WA Treasury Corporation 11AM	2.97%	3.30%	\$ 4,588,000	4.03%	20%
Total Investment Portfolio			4.90%	5.10%	113,788,000	100.00%	

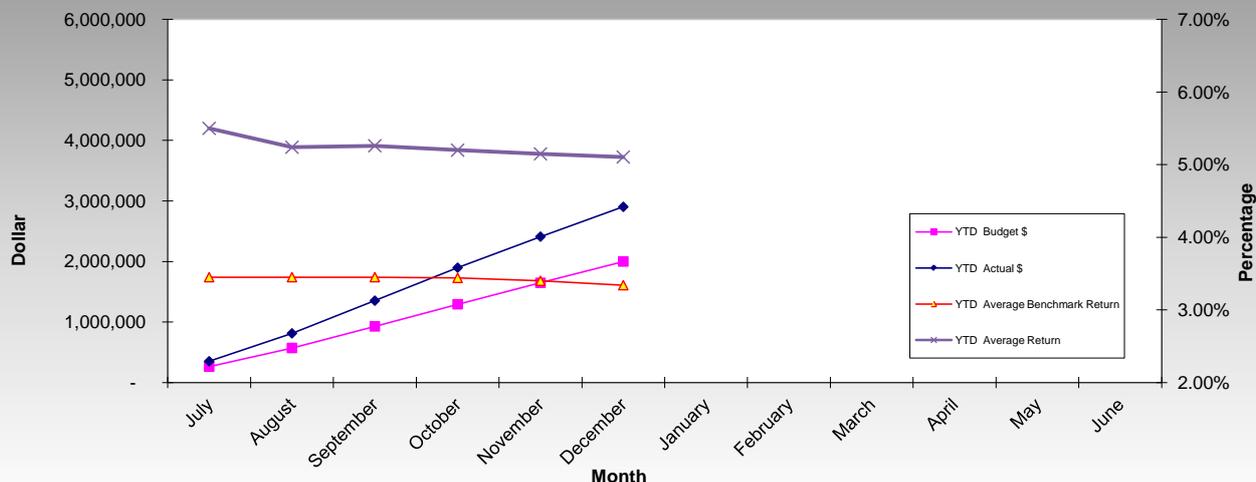
Municipal Funds	59,767,644
Reserve Funds	54,020,356
Total	113,788,000

City of Joondalup - Investment Balances



Month	MTD Budget \$	MTD Actual \$	YTD Budget \$	YTD Actual \$	YTD Average Benchmark Return	YTD Average Return
July	261,184	350,809	261,184	350,809	3.45%	5.50%
August	308,888	461,463	570,072	812,272	3.45%	5.24%
September	357,054	540,014	927,126	1,352,286	3.45%	5.26%
October	365,840	544,974	1,292,966	1,897,260	3.44%	5.20%
November	354,148	513,054	1,647,114	2,410,314	3.40%	5.15%
December	352,095	492,688	1,999,209	2,903,002	3.34%	5.10%

Return on Investments





NOTES TO AND FORMING PART OF THE FINANCIAL ACTIVITY STATEMENT
FOR THE PERIOD ENDED ON 31 DECEMBER 2012

1. Grants and Subsidies

	YTD Adopted Budget	YTD Actual	Variance
a) WALGGC - General Purpose Grant	\$869,049	\$819,964	(\$49,085)
b) Other Grants	\$261,256	\$186,648	(\$74,608)
	<u>\$1,130,305</u>	<u>\$1,006,612</u>	<u>(\$123,693)</u>

- a) The Financial Assistance Grant received is (\$49,085) less than budget for the period.
- b) This unfavourable variance includes (\$30,000) due to an unsuccessful application for a Coastal Risk Assessment Grant and unfavourable timing variances of (\$13,108) for Financial Counselling grants. In addition an unfavourable variance of (\$25,000) arose for the State Local Roads Grant which has been allocated to capital in error and will be corrected in January.

2. Contributions, Reimbursements and Donations

	YTD Adopted Budget	YTD Actual	Variance
a) Contributions and Sponsorships	\$73,250	\$59,274	(\$13,976)
b) Sale of Recyclables	\$670,174	\$725,681	\$55,507
c) Reimbursements and Donations	\$308,194	\$351,956	\$43,762
	<u>\$1,051,618</u>	<u>\$1,136,911</u>	<u>\$85,293</u>

- a) An unfavourable timing variance arose of (\$50,000) for Contributions from the Department of Education for the maintenance of school ovals under the shared use agreements which commenced in July 2012. The Contribution will not be received until June 2013. This is partly offset by a favourable timing variance of \$31,040 on festival and concert sponsorships received earlier than anticipated.
- b) Recyclable revenue for the period exceeded budget due to higher than anticipated volumes of recycled commodities sold.
- c) The City received an unbudgeted reimbursement of \$42,189 for Town Planning Scheme No. 10 that has been placed in reserve. The balance of the variance is spread across a number of areas.



3. Fees and Charges

	YTD Adopted Budget	YTD Actual	Variance
a) Refuse Charges	\$17,882,300	\$17,954,708	\$72,408
b) Sports & Recreation Fees	\$3,709,279	\$4,041,453	\$332,174
c) Building and Development Fees	\$807,225	\$1,002,729	\$195,504
Other variances	\$3,760,704	\$3,797,724	\$37,020
	<u>\$26,159,508</u>	<u>\$26,796,614</u>	<u>\$637,106</u>

- a) This variance is due to the actual number of refuse collection services charged being higher than budgeted.
- b) Revenue for the Leisure Centres exceeded budget by \$322,692 mainly due to higher aquatic admissions, significantly high enrolments for the Learn to Swim program and the timing of Court Sport Revenue for the summer sports season.
- c) Favourable variances arose for Building Licenses \$120,134, Development Application Fees \$80,606 and Land Purchase Enquiries \$23,931. These are partially offset by Other Building and Development Charges that are (\$30,015) below budget.

4. Investment Earnings

Investment income exceeded budget by \$896,575 as the volume of funds invested is higher than budgeted due to lower than expected cash outflows, particularly with respect to capital expenditure.

5. Materials and Contracts

	YTD Adopted Budget	YTD Actual	Variance
a) Professional Fees and Charges	\$1,315,187	\$981,448	\$333,739
b) Furniture, Equipment and Artworks	\$1,017,261	\$715,874	\$301,387
c) Public Relations, Advertising and Promotions	\$583,777	\$431,616	\$152,161
d) Contributions and Donations	\$1,143,476	\$828,657	\$314,819
e) Waste Management Services	\$4,657,228	\$4,934,978	(\$277,750)
f) Charges and Recoveries	(\$199,043)	(\$286,762)	\$87,719
Other Materials and Contracts	\$14,619,639	\$14,602,019	\$17,620
	<u>\$23,137,525</u>	<u>\$22,207,830</u>	<u>\$929,695</u>

- a) Consultancy expenditure is \$271,289 below budget mainly due to the timing of projects including Percy Doyle Master Plan and Property Valuations. Additional favourable variances include Lodgement Fees \$47,272, due to a combination of the December invoice still outstanding and fewer infringements issued, and Legal advice \$23,859.
- b) A favourable variance arose for Computer & Communications Equipment Purchases \$104,888, which includes \$96,601 for the Notebook replacement order which is still being processed. In addition a favourable timing variance arose for the Hire of



Equipment \$49,920, which includes \$21,610 for gym equipment, and \$18,049 for various events including \$5,247 for the Little Feet Festival.

The balance includes favourable timing variances for Parking Ticket Machine maintenance \$61,289 and Computer and Communications Equipment maintenance \$45,228 predominantly due to invoices still to be processed. These are offset by an unfavourable variance for CCTV maintenance and repair in various locations totalling (\$24,794).

- c) The favourable variance includes \$62,500 for advertising the District Planning Scheme Three, which will not take place. In addition Signage & Decals \$19,854, Promotions \$31,579 and Catering \$34,915 are below budget.
- d) A favourable timing variance of \$180,000 arose for Contributions for Sea Rescue and Surf Clubs that are expected to be paid in March 2013. In addition favourable timing differences arose for Sports Development Funding \$45,000, Sponsorship \$62,321, Community Funding Programs \$20,131 and Emergency Services Levy \$37,307.
- e) The Materials Recovery Facility operating costs are (\$137,555) above budget estimates due to higher volumes being processed. In addition bulk waste and weekend greens collections are (\$164,174) over budget due to higher tonnages collected than budgeted.
- f) Capital Overhead Recoveries are \$70,157 higher than budget due to the timing of using internal labour on capital work. In addition, the utilisation of City owned Fleet and Plant on capital work has generated a favourable recovery variance of \$19,633.

6. Depreciation

Depreciation is over budget on Property, Plant and Equipment Assets (\$309,723) as a result of assets that were capitalised at the end of the previous financial year.

7. Loss on Asset Disposal

This variance is due to the actual disposal of assets occurring later than estimated in the budget as a result of Fleet and Plant replacements being purchased later than planned in the budget.

8. Insurance Expenses

Insurance expenses are \$61,266 below budget. This is primarily due to lower than anticipated Industrial Special Risk premiums \$76,519 offset by higher than estimated Insurance Excess on Vehicles & Plant (\$17,856), for claims involving City vehicles.



9. Capital Projects

	YTD Adopted Budget	YTD Actual	Variance
a) Ocean Reef Marina Development	\$846,912	\$85,301	\$761,611
b) Joondalup Performing Arts & Cultural Facility	\$273,850	\$150,196	\$123,654
c) Cafes / Restaurants / Kiosks	\$109,017	\$8,796	\$100,221
d) Network Infrastructure Upgrade	\$169,000	\$28,237	\$140,763
e) Other Projects	\$450,185	\$316,516	\$133,669
	<u>\$1,848,964</u>	<u>\$589,046</u>	<u>\$1,259,918</u>

a) Following Council's endorsement of an integrated Environmental and Planning Approvals Strategy, the City's consultants are currently reviewing the tasks required to prepare the document. This review will include estimated expenditure to progress the project.

b) The completed Market Analysis and Feasibility Study is currently being assessed and a determination of the next phase of the project is yet to be made by the Steering Committee.

c) Progress is currently underway on the site assessment and identification process for this project.

d) This is a timing variance due to a combination of orders that are still being processed and alternative quotes being obtained for the Disk Capacity expansion.

e) This variance includes timing differences of \$65,641 for the Material Recovery Facility and \$48,000 for Works and Assets Implementation for Operations. The balance of the variance is spread across a number of projects.

10. Capital Works

	YTD Adopted Budget	YTD Actual	Variance
a) Road Preservation / Resurfacing Program	\$2,553,747	\$2,190,287	\$363,460
b) Stormwater Drainage Program	\$120,000	\$355,014	(\$235,014)
c) Streetscape Enhancement Program	\$526,955	\$247,947	\$279,008
d) Major Projects Program	\$2,300,000	\$1,058,971	\$1,241,029
e) Parking Facilities Program	\$75,000	\$317,270	(\$242,270)
f) Major Building Works Program	\$975,648	\$653,288	\$322,360
g) Major Road Construction	\$3,190,000	\$2,916,469	\$273,531
h) Paths Program	\$472,500	\$253,976	\$218,524
i) Parks Equipment Program	\$615,500	\$1,047,289	(\$431,789)
Other Works variances - not material	\$1,358,908	\$1,409,121	(\$50,213)
	<u>\$12,188,258</u>	<u>\$10,449,632</u>	<u>\$1,738,626</u>



- a) The Road Preservation & Resurfacing Program is progressing. The favourable variance is driven by timing differences on a number of projects including Cockman Road \$266,778, Hepburn Avenue \$175,563 and Lygnern Crescent – Nautilus Way to Celtic Place (\$77,978) which is progressing ahead of schedule.
- b) This variance is due to expenditure on projects that are funded from 2011/12 carry forward funds, including Periwinkle Park (\$22,037), Ellersdale Park (\$106,063), Kingsley Drive (\$33,995) and Craigie Sump (\$43,515). In addition an unfavourable timing variance arose for St Ives Retirement Village – Dampier Ave (\$48,089) which is progressing ahead of forecast.
- c) The Streetscape Enhancement Program has an overall favourable variance of \$279,008. This predominantly relates to Entry Statements - Marmion, Kinross, Joondalup - \$336,237 which is awaiting design approval by Main Roads WA. This is offset by an unfavourable variance for the City Centre Planter Boxes (\$55,310) due to a delay in the delivery of the planter boxes that has now been completed.
- d) This favourable timing variance includes Currambine Community Centre \$1,291,112 where work has commenced later than forecast.
- e) Unfavourable variances have arisen for the construction of an additional car park on land adjacent to Sacred Heart College (\$214,330) and Robin Reserve Car Park (\$68,955), both of which are funded from 2011/12 carry forwards. In addition the Currambine Primary School project has commenced behind budget phasing generating a favourable timing variance to budget of \$35,040.
- f) This favourable variance is mainly due to timing differences on a number of projects including Sorrento Community Hall refurbishment \$301,104 which is now scheduled for completion in May 2013.
- g) A favourable timing variance of \$298,259 arose for the Moore Drive (East) project. The project is progressing on schedule with work commitments of \$964,475 yet to be invoiced.
- h) The Paths program is showing a favourable variance of \$218,524. This includes Gleddon Way \$47,000 and Bernadale Way \$20,000 that are likely to be withdrawn due to unfavourable public consultations. In addition favourable timing variances arose for Whitfords Avenue Shared Path \$183,469 and Connolly Drive Recreational Shared Path \$61,101. These are partially offset by an unfavourable variance for Lakeway Drive (\$28,583) which is funded from 2011/12 carry forwards and Disability Access for Public Transport (\$33,422) which is progressing ahead of programmed phasing. In the slab replacement program the Walkability Plan is progressing ahead of programmed phasing showing an unfavourable timing variance of (\$23,941).
- i) This variance is mainly due to the timing of projects compared to budget phasing including Ocean Reef Skate Park - Mirror Park (\$499,728) that has been completed ahead of schedule.



11. Motor Vehicle Replacements

This favourable variance is mainly due to timing differences to budget of \$591,671 and a saving of \$120,000 for a vehicle that was actually purchased in 2011/12. This is partially offset by fleet purchases (\$238,018) which are funded from 2011/12 carry forwards.

Orders totalling \$1,808,165 have been placed and are scheduled for delivery in the coming months.

12. Closing Funds

	June 2012	December 2012
Current Assets		
Cash Assets	\$74,807,969	\$113,628,030
Rates and Sundry Debtors	\$1,831,576	\$13,752,082
GST Receivable	\$729,744	\$706,367
Accrued Income	\$1,503,567	\$2,117,925
Advances and Prepayments	\$513,439	\$299,759
	\$79,386,295	\$130,504,163
Less: Current Liabilities		
Creditors	(\$2,915,453)	(\$1,262,839)
Sundry Payables	(\$291,231)	(\$6,452,239)
Provisions - Annual Leave	(\$3,402,016)	(\$3,510,562)
Provisions - Other	(\$5,618,870)	(\$6,735,240)
Accrued Expenses	(\$5,238,139)	(\$4,018,746)
Income in Advance	(\$1,105,017)	-
Borrowings	(\$1,565,373)	(\$793,694)
GST Payable	(\$116,874)	(\$65,219)
	(\$20,252,973)	(\$22,838,539)
Net Current Assets	\$59,133,322	\$107,665,624
Add: Borrowings	\$1,565,373	\$793,694
Less: Reserves	(\$55,274,861)	(\$55,317,050)
Less: Non-current Provision	(\$1,850,355)	(\$2,003,360)
Closing Funds - Surplus	\$3,573,479	\$51,138,908
Add/(less): Other adjustments	\$74,966	\$74,969
Adjusted Closing Funds - Surplus	\$3,648,445	\$51,213,877